GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2855
ANSWERED ON:02.08.2002
TAXES ON DOMESTIC AIR TRAVEL
V. VETRISELVAN

Will the Minister of FINANCE be pleased to state:

(a) Whether domestic air travel has become costlier than abroad due to irrational taxes;

(b) if so, whether there is a demand to reduce the taxes;

(c) if so, whether the Government proposed to reduce the taxes keeping in view the downslide progress of tourism sector; and

(d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (d) : A reference has been received from the Ministry of Tourism, stating that the high cost of air travel is a hurdle in the promotion of domestic tourism. They have also stated that the cost of domestic travel can be reduced by withdrawing the Inland Air Travel tax on domestic air tickets, treatment of Aviation Turbine Fuel (ATF) as `declared goods` under the Central Sales Tax Act and abolishing excise duty on ATF. The matter is being examined.